Complete NRA Show schedule—Pp. 15-20
First look at the World's Fair—Pp. 76-83

7/30/84
05150-5A

Nation's Restaurant News®

The Newspaper of the Food Service Industry

Vol. 18, No. 11 | Published every other Monday, 26 times a year, by Lebhar-Friedman Inc.; $2 a copy, $18 a year. Issued in two sections. | May 21, 1984

Operators ride the economic upturn

Chains' rebound tempered by new consumer challenges

By Joe Edwards

Shifting consumer tastes and dramatic lifestyle changes are having a profound and perhaps lasting impact on all food-service segments, according to chain officials, unit operators and industry observers.

Meanwhile, a recovery from the recession is proceeding in earnest. Fast-food burger, pizza, chicken, seafood and taco chains report substantial gains in sales and customer traffic since last summer, led by the Big Three burger chains—McDonald's, Burger King and Wendy's.

But signs of recovery in other segments are much less impressive. Consumer price resistance is one culprit holding back dinnerhouses and casual theme restaurants. Fast-food gains may be coming at the expense of coffee shops, family restaurants and budget steakhouses. Hotel occupancy rates and room sales are flat and contract feeding business remains soft.

Operators hearing that interest rates will probably climb in the second half of 1984 and that inflation and unemployment may rise after the November presidential election, are concerned that the current boom will be short-lived. They are taking steps to protect themselves in 1985 and beyond.

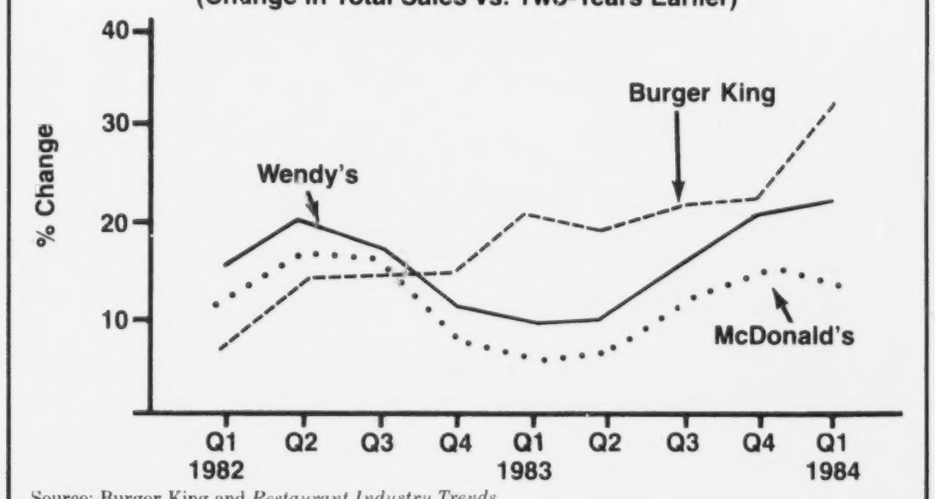
Many food-service companies are diversifying, trying to build additional dayparts for existing operations and concentrating on niche marketing—positioning themselves for a specific target audience.

While such strategies are business decisions based on the need for strict asset manage-

(Continued on page 152)

ESTIMATED CHANGES IN SALES AT BIG THREE BURGER CHAINS

(Change In Total Sales vs. Two-Years Earlier)



Source: Burger King and *Restaurant Industry Trends*

Independents widen search for unique taste experiences

By Roman Czajkowsky

Taking a page from the fast-food chains, independent restaurant operators are rapidly segmenting their market. But while the chains are merchandising traditional fare mostly by going a bit more upscale, independents are going after the money with a variety of foods and cooking techniques inaccessible to the average consumer until recently.

Conduct a survey, pick up a food magazine, drop by a gathering of restaurateurs, and what you're likely to hear or read about is the latest entry into the mesquite-grilling fad, the newest nouvelle American upstart, the most definitive Cajun cookery, the trendiest regional Italian eatery, the freshest, lightest, most health-conscious cuisine.

In fact, for an industry whose raison d'etre is food—or specifically, the service of food—it's a bit ironic that much of its focus these days is on food.

It was only recently that much of the talk dwelled on finances and finding the means and ways of surviving a recession. Now, with the nation's economy on the rebound and consumers willing to spend a few extra bucks on food away from home, independents are scrambling to find new ways of getting their share of the windfall.

Many are discovering that there's nothing better to beat the competition with than to offer foods that satisfy the ever-growing demand for new taste experiences, or that reflect changing lifestyles with their emphasis on healthy living and eating.

(Continued on page 152)

Full-force recovery opens untapped growth channels

By Rick Telberg

The food-service industry's belated economic recovery is surging full-force, quickening sales, fattening margins and unbridling desperately needed expansion funds.

Restaurant executives appear to be racing madly to develop new concepts and update old ones before a like-minded and similarly well-endowed army of competitors.

Despite a kick upward in interest rates and a skittish stock market through the first part of the year, 1984 offers the best economic environment restaurateurs have enjoyed in perhaps five years.

But lurking over the horizon, under the shadow of a huge Federal deficit, may be renewed rounds of inflation, unemployment and higher interest rates.

That dark tremor is adding urgency to spending schedules because restaurateurs know as well as any businessman: Booms go bust.

(Continued on page 152)

The name's the game at Diversifoods

Don Smith pulling together the pieces for a 'revolution'

By Charles Bernstein

ITASCA, Ill.—Diversifoods, the new company created by a merger of Chart House and Godfather's Pizza, hopes to revolutionize the industry with five separate chain spearheads each handling a different market segment and others on the drawing boards.

But whether Donald N. Smith, who moved over from PepsiCo food-service division president (Pizza Hut and Taco Bell) a year ago as Chart House (now Diversifoods) ceo, and his new management team can do it is a matter of conjecture at this early stage.

Their universe today consists of Godfather's Pizza, the No. 2 pizza chain well behind Pizza Hut in total volume, putting on a major national drive with a late rollout of deep-dish pan pizza; Luther's Barbecue, uniquely positioned within its market; Moxie's, a "new" form of the gourmet hamburger craze; the largest Burger King franchise, centered in Illinois; Chart House dinnerhouses, with their individual images in prime locations; three Chicago locations for planned bakery-cafes, and ideas for possible pasta and other chains which may be acquired.

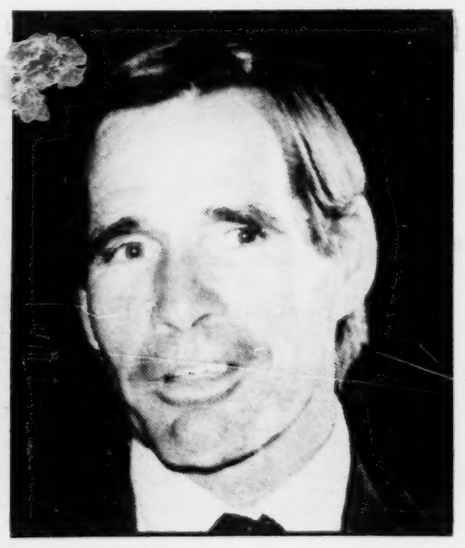
The bottom line on all the plans, outlined in discussions and interviews at the new corporate headquarters in this Chicago suburb, well may be that two or three of the chains could emerge as the entire backbone of the company. Five can be too many and may only serve to divert the financial and personnel resources of the company away from concentrated efforts required to succeed in their highly competitive markets.

Yet Willie Theisen, Godfather's founder, who now holds over $150 million worth of Diversifoods stock and is corporate vice chairman under president and ceo Smith, put it in perspective when he declared: "If anybody can accomplish this tough mission, this new team can do it."

Smith, who appears well-set for the long haul here with a package that could exceed $1 million a year if he attains certain earnings per share goals, and his staff of five chain presidents bring a totally new atmosphere to Chart House Inc.,

(Continued on page 152)

Donald N. Smith
president, ceo



John Creed
Chart House founder

LATE NEWSBREAKS

McDonald's has expanded a test of made-from-scratch biscuits to 1,500 restaurants. The biscuits, which are used for breakfast sandwiches in parts of the Midwest and Southeast, are cooked in convection ovens.

ShowBiz Pizza Place, scheduled by parent Brock Hotels for spinoff through an impending public offering, is restructuring by switching 20 units to a new Brock subsidiary for conversion to concepts that include "adult watering holes" in a joint project with Dallas-based McFaddin Ventures.

Jacques Bourgeois has been named operations vp for Stouffer Hotel Co., responsible for company lodging operations in California, Colorado and Hawaii. He was formerly a Westin Hotels vp and held key f&b posts with that chain.

Hilton Hotels and Las Vegas' largest striking culinary union have settled a bitter 32-day strike, sending 3,000 workers back to jobs in Hilton's two hotels.

- ***NRN* Fine Dining Hall of Fame**
- **Annual Chicago market study**

SPECIAL SECTION-TWO INDEX APPEARS ON PAGE 2

FINANCIAL NEWS

Playboy leads $137M N.J. casino surge

ATLANTIC CITY—Despite stormy weather that shook the New Jersey coast, the nine gambling casinos here scored heavily at the gaming tables during the month of March. Winnings for the month jumped 12.8% over year-earlier figures, from $136.9 million to $154.6 million.

At the head of the surge were the Playboy Hotel & Casino with a gain of 42.5% and Ramada Inn's Tropicana, which posted an increase in winnings of 42.4% for the month. Strong performances were also turned in by Caesar's Boardwalk Regency, up 24.5%, and Claridge Hi-Ho, with a gain of 21.2%.

In fact, with the "table drop" (the amount of money patrons pay for chips) up significantly, only one casino, the Golden Nuggett, posted a decrease in winnings for the month of March, falling 16.3% behind last year's numbers.

Citing "bad luck" as the cause for the casino's poor showing, Hank Applegate, Golden Nuggett's senior vice president for finance and administration, pointed out a 19% increase in "table drop" and increased patronage as signs that the casino is doing more business than last year.

However, he stressed, Golden Nugget's "hold percentage" (the portion of money a casino keeps from the money patrons exchange for chips) was only 14.2% for March compared to an average of nearly 17% for the other eight Atlantic City casinos. In March of 1983, he said, Golden Nuggett's "hold percentage" was a whopping 22.8%, much higher than the average.

Casino winnings are calculated before taxes, wages and other expenses are deducted and are comparable to a company's revenue.

Luby's 2nd-qtr. net up 21% to $3.6M

SAN ANTONIO—Luby's Cafeterias Inc. posted $3.6 million in net profit for the second quarter ended Feb. 29, a 21% gain over last year's second quarter.

Second-quarter revenue rose 20% to $40 million.

On Jan. 1 Luby's purchased seven cafeterias which the company had managed for 15 years.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended May 4							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin							Last Fiscal Year (Per Share)		
					Change		52-Week						Last Fiscal Year					Latest P/E Ratio	Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
Name	Symbol	High	Low	Close	Amt.	Pct.	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct.				Amt.	Yield		Revenue	Earnings				
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
A&M Food Svcs	AMFD	7.38	7.00	7.38	.38	5.36	8.75	.00	.46	.71	-7.40	3.47	.40	.40 F	NC	10.0	4.3	18.4	.00	.0	00-00-00	25.4	1.1	2.5	1.21	2.19	1283
Acapulco Rest	ALAR	4.13	4.00	4.00	-.13	-3.03	7.25	4.00	-.65	.00	1.98	-20.31	-2.05	-2.13 Q	-775.0	-74.0	-12.9	NE	.00	.0	01-06-81	37.9	-4.9	1.8	6.37	1.01	1083
Am Motor Inns	INN	30.50	28.63	29.75	1.00	3.48	38.50	28.63	-.06	-.13	1.32	-14.33	2.52	.55 S	24.3	42.0	8.6	10.6	.30	1.0	01-26-84	162.5	13.9	1.8	12.04	15.89	0783
ARA Services	ARA	45.00	40.75	44.50	3.75	9.20	55.25	40.25	-.06	.62	-1.79	-5.59	4.37	1.21 Q	36.7	-3.0	1.7	9.9	2.10	4.7	05-25-84	3056.6	52.0	1.1	23.29	46.15	0983
Assoc Hosts	AHST	14.25	12.38	13.25	1.00	8.16	18.50	10.50	.01	.41	-5.01	-11.87	.72	.45 Q	128.5	-1.0	3.6	16.6	.12	.9	03-06-84	88.3	3.2	1.3	5.25	5.71	0983
Beefsteak Char	BCS	4.00	3.25	3.50	-.38	-9.68	9.25	3.13	-.43	-1.45	-1.17	13.41	-1.30	-2.34 Q	-285.3	-53.0	-7.0	NE	.00	.0	00-00-00	95.2	-6.7	1.7	3.13	3.54	1083
Bob Evans Farms	BOBE	19.00	18.00	18.00	-1.25	-6.49	26.81	17.25	-.01	-1.16	1.30	-15.58	.89	.14 N	16.8	21.0	7.5	18.6	.26	1.4	05-07-84	187.5	14.1	3.0	.00	5.54	0483
Brock Hotel Cp	BHC	5.75	5.38	5.50	.00	.00	11.25	5.38	-.29	.00	-.55	2.31	.17	-.38 F	-69.0	-4.0	.7	32.4	.10	1.8	04-17-84	333.5	2.2	1.1	16.64	4.38	1282
Calny Food	CLNY	8.75	7.50	8.50	.75	9.68	11.19	7.50	-.02	.94	-.64	-37.34	.53	-.03 N	-4.9	8.0	4.6	14.7	.16	1.9	04-25-84	30.2	1.4	.4	2.48	1.49	0283
Captain Crab's	CRAB	5.38	4.75	5.38	-.25	-4.44	8.38	3.50	.36	2.71	-.82	12.40	.00	.00 Q	NC	NC	.0	NC	.00	.0	00-00-00	1.5	.0	7.5	.01	.29	0883
Carrols Cp	CRL	9.38	7.63	9.25	1.38	17.46	11.88	5.81	.37	1.43	-.15	-32.78	.50	.26 Q	83.8	99.0	3.7	16.2	.05	.5	12-23-83	84.2	3.1	.8	3.66	2.42	0583
Chi-Chi's	CHIC	17.38	16.50	16.88	-.38	-2.17	29.00	16.00	-.22	-.34	-1.77	-11.88	.39	.26 S	96.2	67.0	9.4	31.8	.00	.0	09-28-83	94.2	8.9	2.6	1.87	1.62	0483
Chilis Inc	CHLI	15.50	15.00	15.00	-.50	-3.23	18.38	13.00	.01	-.13	-1.61	-42.72	.29	.24 S	NC	5.0	5.8	62.5	.00	.0	00-00-00	17.1	1.0	1.3	11.36	3.94	0683
Ch Full O Nut	CHF	14.75	13.38	13.50	-1.25	-8.47	24.38	10.25	.62	.05	-1.08	3.60	.64	-.01 S	-2.0	-4.0	2.9	28.1	.50	3.7	12-09-83	111.6	3.2	2.9	.34	6.69	0783
Churchs Fr Ch	CHU	28.00	25.25	26.13	1.13	4.50	33.50	21.25	.42	-.23	.58	9.53	1.66	-.53 F	-24.2	3.0	6.8	15.7	.72	2.8	01-23-84	464.1	31.6	1.8	.62	11.74	1282
Collins Foods	CF	16.63	15.00	16.13	.63	4.03	21.63	14.75	-.07	2.22	6.24	-1.77	1.47	.30 N	21.4	27.0	3.8	9.5	.20	1.2	03-26-84	324.4	12.4	1.8	4.14	8.71	0483
Concept Dev	CDII	18.00	17.13	18.00	1.75	10.77	22.13	14.53	-.94	.02	.89	1.84	.08	.57 S	NC	86.0	1.3	31.6	.00	.0	02-10-84	7.8	.1	1.0	.40	1.99	0683
Consul Corp	CNSL	13.13	11.38	12.75	1.25	10.87	18.75	10.88	-.10	-.40	-3.72	-13.05	.26	.14 N	70.0	39.0	2.5	37.5	.00	.0	00-00-00	32.0	.8	5.0	1.08	5.67	0583
Cracker Barrel	CBRL	18.75	18.25	18.50	.25	1.37	27.34	15.75	-.24	.21	-2.15	-29.06	.86	.10 S	12.5	25.0	4.4	20.6	.14	.8	02-28-84	45.7	2.0	4.1	2.64	7.33	0783
Denny's Inc	DEN	35.38	33.13	34.88	1.63	4.89	39.25	29.00	.14	-.04	.96	17.67	2.54	.15 S	5.8	12.0	3.8	12.9	.72	2.1	06-05-84	1054.6	40.2	1.7	17.92	17.17	0683
Divfood	DFDI	16.75	14.50	16.25	1.63	11.11	24.38	12.75	-.01	-.47	1.39	7.97	.99	.05 F	5.3	58.0	6.8	16.4	.09	.6	03-22-84	484.3	32.9	2.1	.55	1.99	1282
Dunkin Donuts	DUNK	22.63	19.75	22.63	2.88	14.56	28.75	18.13	.52	1.13	1.68	-33.41	1.62	.22 Q	15.0	24.0	10.2	13.5	.28	1.2	05-07-84	77.5	7.9	.9	5.93	9.56	1083
El Torito Rest	ET	12.13	10.63	11.63	.88	8.14	13.13	9.00	.73	-.05	3.03	-31.78	NA	NA	NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
Fast Food Oper	POPI	1.63	1.44	1.50	.13	9.09	4.63	1.13	-.44	-.81	.73	-9.00	.05	.05 N	NC	81.0	6.5	30.0	.00	.0	00-00-00	4.6	.3	2.0	.02	.36	1282
Frisch's	FRS	25.63	24.75	24.88	-.13	-.50	32.94	16.47	-.67	.22	-3.84	21.57	1.85	.77 S	51.3	25.0	3.7	11.0	.40	1.6	03-28-84	110.6	4.1	1.3	5.73	14.56	0583
Garcias Scot	GMEX	5.63	4.88	5.13	-.38	-6.82	15.88	4.00	-.57	.25	-1.67	-15.74	-.48	-.30 F	NE	8.0	-6.1	NE	.00	.0	00-00-00	36.3	-2.2	1.1	.52	4.10	1282
Hambrg Hamlet	HAMB	10.25	9.75	9.75	-.50	-4.88	12.00	9.50	-.19	-.96	12.63	5.00	-1.10	-1.81 N	-161.6	-30.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	1.0	20.86	11.96	0383
Hilton Hotels	HLT	50.88	48.13	49.75	.75	1.53	60.25	47.50	-.39	.90	.71	40.24	4.20	1.08 F	34.6	6.0	16.8	11.8	1.80	3.6	02-27-84	669.6	112.6	2.0	6.73	21.31	1282
Holiday Inns	HIA	44.50	38.25	42.25	3.50	9.03	59.00	38.25	-.21	-.14	.74	-16.01	3.28	.78 F	31.2	12.0	7.8	12.9	.90	2.1	03-12-84	1585.1	124.4	.9	11.74	25.35	1282
Horn & Hardart	HOR	19.88	17.63	18.38	-1.25	-6.37	30.78	15.38	-.29	.14	-4.24	10.88	1.15	.45 F	64.2	106.0	4.0	16.0	.00	.0	11-25-83	339.7	13.5	1.1	9.01	4.54	1282
Hungry Tiger	HTIG	6.75	6.00	6.50	.50	8.33	10.75	6.00	-.54	.49	-.37	-45.25	.00	-.81 S	-120.8	-17.0	.0	NE	.00	.0	11-15-82	63.8	.0	.9	4.75	3.66	0883
Intl Dairy Queen	INDQ	40.00	40.00	40.00	1.00	2.56	40.00	29.50	.52	.05	1.90	-72.31	2.94	.81 Q	35.3	57.0	6.2	12.9	.00	.0	00-00-00	115.7	7.2	1.0	11.31	7.21	1183
Int King Tab	IKNG	16.50	14.00	16.25	2.25	16.07	23.00	12.50	.32	.20	4.52	-33.53	.92	.94 S	241.0	63.0	4.8	12.2	.00	.0	08-15-83	50.0	2.4	.4	5.16	3.18	0683
JB's Rest	JBBB	11.88	10.50	11.88	1.00	9.20	18.13	10.38	-.37	1.39	-3.12	-2.45	1.00	.05 S	5.0	20.0	4.1	11.4	.20	1.7	02-07-84	53.3	2.2	1.0	5.17	7.42	0983
Jerrico Inc	JERR	13.88	13.00	13.50	-.38	-2.70	23.13	11.88	-.22	.71	.75	-67.83	1.33	-.07 S	-5.3	17.0	4.6	10.9	.12	.9	05-07-84	452.1	21.0	1.8	5.03	10.28	0683
Kapok Cp	KPK	3.38	2.88	3.13	.00	.00	10.75	2.88	-.75	-.41	-3.65	27.94	-1.29	-.92 F	NE	-52.0	-22.0	NE	.00	.0	00-00-00	12.3	-2.7	.7	1.74	2.45	0983
Kelly-Johnston	KEJO	7.13	6.50	6.50	-.63	-8.77	18.75	6.13	-.13	-1.62	-4.58	30.90	.40	-.31 N	-75.6	16.0	6.3	65.0	.00	.0	10-13-82	38.0	2.4	4.0	3.29	4.41	0383
Karcher Carl	CARL	25.25	22.38	24.75	2.13	9.39	43.75	18.75	.76	.68	-3.55	7.71	1.32	.34 S	28.5	23.0	4.0	16.2	.00	.0	02-16-83	231.0	9.3	2.4	8.31	8.13	0183
Luby's Cafe	LUB	33.38	31.75	32.00	-.50	-1.54	39.75	29.38	-.29	.21	4.43	-16.84	1.53	.22 S	15.3	27.0	9.8	19.4	.60	1.9	06-04-84	141.4	13.9	1.6	.60	7.80	0883
Marcus Corp	MRCS	12.25	12.13	12.25	.13	1.03	15.13	11.38	.01	.34	-3.59	48.81	1.28	.13 N	10.6	6.0	6.1	9.1	.25	2.0	07-01-83	108.9	6.6	1.2	2.72	11.07	0583
Marriott Corp	MHS	66.00	62.25	64.63	1.63	2.58	81.00	58.50	.12	-.07	-1.76	28.75	4.15	.71 F	20.6	37.0	3.8	15.6	.44	.7	03-19-84	3036.7	115.2	.9	33.49	19.43	1282
McDonald's Cp	MCD	68.50	64.38	66.75	.88	1.33	74.38	55.75	-.07	-.03	.43	-9.36	5.74	.74 F	14.8	24.0	11.2	11.6	1.00	1.5	01-24-84	3062.9	342.6	.5	17.62	25.51	1282
Morrison Inc	MORR	14.63	13.88	14.00	-.38	-2.61	21.06	13.13	-.33	-.99	-1.65	22.48	1.34	.19 S	15.4	13.0	4.5	9.9	.40	2.9	04-09-84	416.4	18.7	1.5	2.39	8.57	0583
Mr Steak	MSST	2.75	2.25	2.75	.50	22.22	3.50	2.25	-.46	.23	-.38	-5.63	.15	.49 Q	NE	-25.0	1.1	18.3	.00	.0	03-26-84	63.2	.7	1.3	1.34	1.42	0983
Nathans	NATH	2.13	2.13	2.13	.00	.00	3.63	1.66	.20	.00	-7.74	-5.78	.09	.12 N	120.0	25.0	1.1	9.7	.00	.0	09-09-83	17.5	.2	.8	.05	1.79	0383
Naugles Inc	NAUG	9.63	8.88	9.50	.25	2.70	32.75	8.00	.32	1.36	-4.10	1.59	.70	-.10 S	-13.3	59.0	3.6	14.6	.00	.0	11-01-82	86.7	3.1	.8	6.57	4.96	0683
Oakbrook Cons	OKCO	18.25	18.00	18.00	-.25	-1.37	20.00	14.00	-.12	.02	-5.93	.00	.84	.15 F	21.7	-10.0	.3	21.4	.32	1.8	12-08-83	160.4	.5	.7	7.17	14.49	0983
Peoples Rest	PEPL	2.13	1.50	1.88	-.38	-16.67	15.13	1.50	-3.52	.52	1.28	6.31	.28	.04 S	22.2	99.0	7.5	8.5	.00	.0	00-00-00	25.3	1.9	1.3	1.86	4.41	0683
Piccadilly Caf	PICC	20.50	18.25	20.00	1.75	9.59	20.50	12.75	.54	-.38	-1.08	-2.38	.99	.05 N	4.6	5.0	3.9	17.7	.60	3.0	03-09-84	152.7	6.0	1.6	.00	7.71	0683
Pizza Inn	PZA	10.25	10.00	10.25	-.13	-1.20	17.50	9.00	.26	.32	-8.67	18.14	1.16	.61 F	110.9	23.0	2.4	8.8	.08	.8	04-16-84	148.9	3.6	.9	12.32	6.63	1282
Pizza Time Thea	CHKYQ	2.13	1.38	2.00	.13	6.67	26.00	1.38	-1.02	5.19	-10.31	-4.06	1.27	-1.69 N	-150.8	86.0	7.6	NE	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Po-Folks	POFO	13.38	12.75	13.00	.25	1.96	16.75	12.75	-.12	.22	-2.67	27.04	.37	.41 Q	NC	4.0	1.9	31.7	.00	.0	00-00-00	69.8	1.3	1.1	4.68	4.95	0983
Ponderosa Sys	PON	22.88	21.00	21.00	-.88	-4.00	25.25	16.00	-.01	-1.06	4.74	27.31	1.50	-.41 N	-25.7	-5.0	2.8	17.8	.40	1.9	06-06-84	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	8.13	7.63	7.88	.00	.00	11.88	6.88	-.17	.98	-2.19	14.59	.13	.86 F	NE	-24.0	.7	60.6	.00	.0	10-19-81	573.8	4.2	.6	18.50	5.12	1282
Rax Restaurants	RAXR	14.75	14.50	14.50	.00	.00	23.25	.00	-.25	-.26	-.97	-21.43	.57	.63 Q	NC	57.0	3.8	23.0	.00	.0	00-00-00	63.0	2.4	1.7	4.33	3.63	0783
Restaur Assc	RA	7.13	6.50	6.63	-.63	-8.62	11.38	6.50	-.42	-.29	3.09	8.33	.88	.10 F	12.8	31.0	1.9	7.5	.00	.0	00-00-00	118.9	2.2	1.0	3.98	7.15	1282
Ritzys G D	RITZ	6.75	5.75	6.00	-.50	-7.69	23.34	5.75	-1.64	-1.15	-1.11	-6.23	-.17	.09 F	NE	-44.0	-9.6	NE	.00	.0	11-25-83	8.3	-.8	.7	.17	2.29	1283
Ryans Fam Steak	RYAN	18.13	17.25	17.75	.50	2.90	28.25	15.50	.13	.92	-.32	-2.65	.52	.20 F	62.5	86.0	10.8	34.1	.00	.0	04-20-83	19.5	2.1	8.2	.19	3.89	1283
Saga Corp	SGA	28.88	27.13	28.00	.63	2.28	40.25	24.63	-.03	.00	2.58	-28.20	2.10	.52 S	29.7	64.0	2.3	12.3	.44	1.6	02-10-84	978.8	22.4	.9	4.65	10.62	0683
Sandwich Chef	SHEF	9.00	9.00	9.00	.00	.00	15.25	9.00	-.59	.00	-8.49	-21.88	.70	-.18 S	-23.6	17.0	4.5	15.5	.00	.0	00-00-00	20.2	.9	1.5	.08	5.38	0683
Sea Galley	SEAG	8.88	7.88	8.63	.63	7.81	15.00	7.50	-.13	-.33	-.80	10.48	.23	-.12 F	-34.2	5.0	1.2	37.5	.00	.0	06-02-81	73.0	.9	.6	5.06	3.18	1283
Servico Inc	SRVI	15.00	15.00	15.00	.00	.00	18.00	13.50	.31	.04	-2.35	-80.71	1.19	.51 F	75.0	17.0	2.5	12.6	.00	.0	09-09-83	151.0	3.7	1.1	59.81	5.64	1282
Shoney's Inc	SHON	23.50	22.75	22.75	-.88	-3.70	27.38	20.00	-.12	-.36	.13	-84.66	1.17	.26 Q	26.8	35.0	6.0	18.5	.16	.7	01-04-84	392.8	23.4	1.6	2.64	6.83	1083
Shoneys South	SHNS	14.25	13.75	14.00	-.25	-1.75	20.50	13.75	-.32	-.14	4.38	3.51	1.24	1.24 F	NC	18.0	3.5	11.3	.00	.0	00-00-00	142.0	4.9	.7	3.51	8.76	1283
Sizzler Rest Intl	SIZZ	12.00	9.50	12.00	2.50	26.32	16.25	8.75	.05	3.85	2.20	23.60	1.01	.08 N	8.3	15.0	4.5	11.5	.00	.0	00-00-00	128.0	5.8	2.3	1.49	6.27	0483
Skippers	SKIP	11.00	9.50	10.88	1.13	11.54	15.50	9.00	.43	.71	3.90	18.16	.81	.14 Q	20.8	26.0	4.0	13.4	.06	.6	04-02-84	50.5	2.0	1.3	1.84	6.39	1283
Sonesta Hotel	SNSTA	18.00	18.00	18.00	.00	.00	22.00	16.50	.07	.02	-6.84	.00	1.02	.65 F	175.6	-6.0	2.3	17.6	.26	1.4	10-05-83	73.4	1.7	1.1	34.95	12.68	1282
So Hospitality	SHOS	4.50	4.25	4.25	-.25	-5.56	7.50	3.88	-.04	.00	-.88	20.43	.27	.05 N	19.2	75.0	3.8	13.7	.00	.0	00-00-00	26.3	1.0	.8	4.32	.24	0583
Steak n Shake	STAK	6.38	5.38	5.75	-.50	-8.00	10.00	5.38	-1.05	-3.74	1.12	63.10	.29	.07 Q	31.8	67.0	2.1	19.8	.00	.0	05-17-79	63.4	1.3	1.3	4.90	3.05	0983
TGIF Texas	TEXF	3.75	3.75	3.75	.00	.00	7.50	3.75	-.06	.00	-2.62	.00	.02	.05 N	NC	58.0	.0	75.0	.00	.0	00-00-00	4.8	.0	.5	3.50	-.17	1282
Victoria Stations	VSTA	7.38	5.88	6.75	-.13	-1.82	13.63	5.38	-.01	-1.72	-6.37	-58.17	-1.02	-.44 N	NE	-61.0	-7.1	NE	.00	.0	09-19-79	111.9	-8.0	.6	8.39	8.51	0383
Wendys Intl	WEN	15.38	14.13	14.63	.38	2.63	16.50	10.78	-.12	.37	-4.50	.81	1.01	.17 F	20.2	20.0	7.7	14.5	.24	1.6	03-14-84	715.1	55.2	.7	1.59	5.67	1283
Western Steer	WSMP	9.25	9.00	9.00	-.25	-2.70	17.50	9.00	-.27	.00	-2.25	-44.03	.92	-.07 N	-6.1	7.0	3.1	8.5	.16	1.8	03-12-84	28.8	.9	1.3	6.21	7.23	0283
Winners Cp	WNER	9.13	9.00	9.00	-.25	-2.70	17.13	8.75	-.89	-.28	.59	8.41	.63	.00 F	.0	9.0	3.3	14.3	.00	.0	03-10-83	88.2	2.9	.5	7.06	6.43	1282

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

'Where's the Beef?' ad, baked potato lift Wendy's net profit 29%

DUBLIN, Ohio—What a difference an elderly woman, a catchy phrase and a stuffed baked potato can make.

Wendy's reports net profit soared 29% to $13 million on a 34% rise in revenue to $205 million in the first quarter ended March 31 compared to the year-earlier period. Systemwide sales were up 32% to $536 million.

During the quarter, the chain completed a nationwide rollout of seven stuffed baked potatoes and created two memorable TV ads featuring 80-year-old Clara Peller barking "Where's the Beef?"

"We combined quality products with aggressive advertising to produce outstanding results," exulted Robert L. Barney, chairman-chief executive.

Real sales (total sales at comparable units minus menu price hikes) were up 17% in the quarter compared to the same period a year earlier, Barney said. This follows a 15% real sales gain in the fourth quarter of 1983.

Profit margins at 937 company-operated restaurants rose to 17.3% from 16.9% in the first quarter a year earlier. Average unit sales at the 2,721 total units were $199,000 in the first quarter, up 20% from $166,000.

Wendy's opened 48 new restaurants in the first three months of this year.

Meanwhile, Wendy's upscale chicken chain, Sisters Chicken & Biscuits, grew to 52 units, compared to 26 a year ago. Fourteen Sisters restaurants are under construction.

Twistee Treat ice cream makes $10M rights offer

CAPE CORAL, Fla.—Twistee Treat, which has already raised more money through the public capital markets than through its planned chain of ice cream shops, is going to the market again.

The parent company is spinning off a financing subsidiary to raise development funds.

Twistee Treat Financial Corp., a subsidiary to be 91%-owned by the parent, plans to issue 10 million units priced at $1 each. Every unit consists of one share of common and 1½ warrants convertible into stock at $2 each in 1985.

It is a rights offering, so current shareholders of Twistee Treat, which changed its name after Twistee Freez, apparently after Tastee Freez of Michigan protested, would have first crack at the issue.

Twistee Treat went public last August, raising $5 million before it had opened a single one of its planned prefabricated stores. Today there are two open and eight more planned.

Proceeds from the latest offering would be used to finance company-store development and, if franchising begins later this year, for franchisees.

The chairman and chief executive of both firms is Robert G. Skinner, 53, who was an executive at Tastee Freez, Famous Recipe and a budget steakhouse operation that came through Chapter 11 paying off its creditors in full after an ownership change.

Cost of poultry cuts Winners net to $310,000

NASHVILLE—Record high poultry costs slashed Winners Corp.'s net profit to $310,000 in the first quarter ended March 31, 34% below last year's first quarter.

Sales rose 36% to $24.3 million, reflecting the 39% increase in the number of company-owned Mrs. Winner's chicken and biscuits outlets to 97. Franchised units grew from 10 last year to 35.

But heavier advertising costs to support new store openings in new markets also weighed on profits, said the company. Winners also operates 54 Wendy's.

Buck Hussung, president and chief executive, said first-quarter broiler prices were 35% higher than last year and were expected to remain high for the next quarter or two.

Taubman to acquire Woodward & Lothrop for $220 million

DETROIT—A. Alfred Taubman, the tycoon mall developer who also owns the 800-unit A&W fast-food chain, has agreed to acquire for $220 million Woodward & Lothrop Inc., a Washington, D.C., department store chain.

Taubman, who made his fortune developing 19 major shopping malls, recently acquired Sotheby Parke Bernet auction galleries for $125 million. He also owns a group of radio and TV stations and the United States Football League's Michigan Panthers.

Naugles public offer to raise $30 million

FULLERTON, Calif.—Despite a sharp drop in the price of its stock after disclosing it planned to close 32 restaurants, Naugles Inc. has tapped the capital markets with a $30 million debt and equity offering.

The 170-unit Mexican fast-food chain said it completed the sale of 30,000 units priced at $1,000 each.

Proceeds will be used to reduce debt, to buy restaurant equipment for planned new units and for general corporate purposes. Naugles had 4.7 million shares outstanding before the offering.

Long John Silver profit up $4.5M in 3rd quarter

LEXINGTON, Ky.—With heavy promotion expenses at its more than 1,300 Long John Silver's Seafood Shoppes taking a toll, Jerrico Inc. posted a net profit of $4.5 million for the third quarter ended March 31, matching results of the year-earlier quarter.

Results include a $377,000 gain realized from the purchase of $5 million of the principle amount of the company's convertible debentures. Net profit not including this purchase showed a decline of 5.1% over last year's third quarter.

Revenue for the period increased 15.1% over year-earlier results to $125.7 million.

While the company suffered its 10th consecutive quarter in which net profit was either down or only marginally improved, customer counts at company-owned Long John Silver's stores trended upward for the first time in over two years.

On the heels of a buy-one-get-one-free fish promotion which coincided with the Lenten season, third-quarter average sales at company-operated Long John Silver's jumped 7.7% over last year, representing a real sales gain of 7.2%.

According to company officials, the fish promotion, in addition to boosting customer counts, also served to expedite the elimination of higher-costing fish stockpiles. Beginning in the fourth quarter, the average cost of fish used in the Long John Silver's system will drop to $1.68 per pound, the lowest level in three years.

Benihana National's first-year net $1.4 million on sales of $20 million

MIAMI—Benihana National Corp., owner and operator of 14 Benihana of Tokyo Japanese-style restaurants, reported net profit of approximately $1.4 million on consolidated companywide sales of about $20 million for its first year of operations ended last month.

Pretax profit from Benihana National's restaurant operations was $2.35 million on gross sales of $16.8 million, while pretax profit from the corporation's newly introduced retail frozen food line, commenced in December 1983, were expected to be $280,000.

Restaurant sales are primarily generated from the 11 units acquired from Benihana of Tokyo Inc. in May 1983 and three additional units acquired in December 1983. Benihana National owns the exclusive right to use the Benihana trade name and service marks in connection with the expansion of the Benihana restaurant chain and other food and hospitality related businesses in the United States and certain foreign countries. In addition to its retail frozen food line, Benihana National is developing an Oriental fast-food restaurant.

Nation's Restaurant News®

THOMAS J. HAAS ..... Publisher

CHARLES BERNSTEIN ..... Editor
Charles Forman ..... Executive Editor
Roman Czajkowsky ..... Senior Editor
Joseph Edwards ..... Senior Editor
Rick Telberg ..... Senior Editor
Kenneth Frydman ..... Associate Editor
Donald Jeffrey ..... Associate Editor
Susan Spedalle ..... Associate Editor
David L. Zuckerman ..... Associate Editor
Robert Manas ..... Senior Desk Editor
Paul Frumkin ..... Desk Editor
Howard Riell ..... Desk Editor
Pat Newman ..... Editorial Assistant
Milton Berwin ..... Art Director

WASHINGTON BUREAU
Kenneth Rankin, Manager
Laura Woda, Correspondent

WEST COAST BUREAU
Richard Martin, Los Angeles Editor
Lou Karney, Correspondent
Brad Altman, Correspondent

MARTIN J. FELDMAN ..... National Sales Mgr.
Jack BenAry ..... Eastern Regional Mgr.
Steven T. Lichtenstein ..... Eastern Sales Rep.
Jane McKernan ..... Eastern Sales Rep.
Candice Hammett ..... Midwest Sales Rep.
Gary Knuth ..... Midwest Sales Rep.
Ed Weisbrod ..... Midwest Sales Rep.
Donna Wintergreen ..... Midwest Sales Rep.
Alan El Faye ..... Western Sales Rep.
David M. Pittman ..... Western Sales Mgr.
Brian Foley ..... Production Mgr.
Andrew DeSarle ..... Group Director
Nora Litwak ..... Associate Research Dir.

Published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, N.Y. 10022
212-371-9400
Cable Address: LEBHAFRIED

Publisher of Nation's Restaurant News, Discount Store News, National Home Center News, Drug Store News, Computer + Software News, Chain Store Age Executive (with Shopping Center Age), Chain Store Age General Merchandise Edition, *APPAREL merchandising*. Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Arnold D. Friedman
Founder (1900-1981)

J. Roger Friedman ..... President
David Q. Mahler ..... Group Publisher
C. Reese Musgrave ..... VP/Sales
James Granato ..... VP/Finance
Barry Braverman ..... VP/Pub. Services
Harry A. Estes ..... VP/Planning & Resources
Robert B. Doll ..... VP/Circulation
Stan Kaufman ..... Production Director
Howard Neibart ..... Marketing Director

REGIONAL OFFICES

NEW ENGLAND, Newton, Mass. 02158
1 Gateway Center
617-527-6394
Robert T. Perry, VP/District Manager

MIDWEST, Chicago, Ill. 60611
444 N. Michigan Ave.
312-644-8688
James T. deGraffenreid, VP/District Manager

WEST, Los Angeles, Calif. 90004
606 N. Larchmont Blvd.
213-464-8321
John Donoghue, West Coast Branch Manager

FAR EAST, Diamond-Friedman Ltd.
Chain Store Age News, Japan
1-4-2 Kasumigaseki, Chiyoda-ku
Tokyo, Japan
504-6750

Subscriptions

Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Nation's Restaurant News, 99 Park Ave., New York, N.Y. 10157.

Permissions

Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Thomas J. Haas, publisher, Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Associated Hosts	3 mos.	12/29			$ 22.800	11.0	$ 0.794	16.0
El Chico	3 mos.	2/10	$ 17.100	13.0			0.780	
	9 mos.		52.400	17.0			2.600	
El Torito	3 mos.	3/31	0.585	25.0			1.566	114.0
Esteban's Mexican Foods	12 mos.	12/31			10.500	52.0	0.416	
	3 mos.		2.890	42.0			0.009	
G. D. Ritzy's	3 mos.	4/1			3.100	147.0	– 0.647	
Greyhound	3 mos.				432.200	23.5	24.200	2.5
	12 mos.						105.000	2.4
Holiday Inns	3 mos.	3/30			402.500	15.0	26.000	16.0
Int'l Dairy Queen	12 mos.	11/30			99.300	17.5	7.200	16.7
	3 mos.				23.500	19.5	0.982	11.7
Jerrico	3 mos.	3/31			125.700	15.1	4.500	0.0
Luby's	3 mos.	2/29			40.000	20.0	3.600	21.0
	6 mos.				78.900	17.0	7.300	17.0
Max & Erma's Restaurants	3 mos.	2/19			5.500	18.0	– 0.114	
Morrison	3 mos.	2/25			114.300	10.0	4.500	0.0
	9 mos.				341.200	10.0	14.300	9.0
Noble Roman's	12 mos.	12/31	29.000	12.0	11.600	18.0	0.347	18.0
Pancho's	6 mos.	3/31			14.472	25.0	0.556	41.0
	3 mos.				7.551		0.349	57.0
Penn-Tide	12 mos.	9/30	3.700	64.0			0.168	516.0
Saga	3 mos.	3/24			284.000	10.0	8.200	33.0
	9 mos.				825.000		24.600	18.0
Sandwich Chef	3 mos.	3/31	6.600	24.0			0.216	
	9 mos.		18.900	30.3			0.486	
Skippers	12 mos.	12/25			50.500	33.0	2.020	93.0
Southern Hospitality	3 mos.	2/29	8.000	36.3			0.190	4.4
	9 mos.		25.600	36.4			0.792	32.9
Taco Villa	12 mos.				25.600	2.0	1.100	95.0
Vie de France	6 mos.	12/11			24.200	32.0	2.400	32.0
Wendy's	3 mos.	3/31	536.000	32.0	205.000	34.0	13.000	29.0
Winners	3 mos.	3/31	24.300	36.0			0.310	– 34.0

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Have You Met Carly Yet?

Continental Carlisle

Call Carly 800-654-8210 CARLISLE

Domestic lodging reports first year-to-year rise since 1979

PHILADELPHIA—It was only a slight increase, less than 1%, but last year for the first time since 1979 the domestic lodging industry reported year-to-year increases in occupancy, according to a report by Laventhol & Horwath, a hotel consulting and accounting firm here.

Occupancy rates at domestic hotels rose 0.6% to 65.2% in 1983 compared to 1982, the report says. Hotels in the Southeast fared best during the year, with occupancy rates rising 6.5% to 69.2%.

Northeast hotels had the strongest occupancy rates—69.5%, a 3% rise over 1982 figures. In the West, hotels reported a 0.3% rise to 69%.

Hotels in the South Central district had the worst showing, with occupancy rates plummeting 7.9% to 59.8%. Occupancy rates in North Central hotels were up 3.9% to 61.7%.

Resort hotels showed the strongest increases among types of hotels and motels, with occupancy rates rising 2.1% to 66.8%. Airport hotels had the strongest occupancy rate—68.3%, up one-tenth of 1% over 1982. Occupancy rates were up 0.5% to 63.1% at center-city hotels and 1.5% to 66.6% at highway hotels and motels. Suburban properties reported a 0.9% decline in occupancy

Rated by size, large hotels, those with more than 600 rooms, had the strongest occupancy gains, a 3.6% increase to 68.6%. Medium-sized properties (300-600 rooms) reported a 0.6% drop in occupancy to 63.1% and hotels with between 150 and 300 rooms posted a 0.9% occupancy rate increase to 64.9%, the same rate as hotels and motels with fewer than 150 rooms.

Some of the strongest increases in occupancy rates were recorded in New York City, up 6% to 73.7%; Washington, D.C., metropolitan area, up 10.3% to 69.4%; Orlando area, up 14% to 81.3%; Osceola County, Fla., up 15.1% to 84.7%, and Des Moines, up 7.9% to 54.5%.

Cities and areas with the biggest drops in hotel occupancy rates included Dallas, down 6.9% to 59.6%; Texas Gulf Coast, down 9.2% to 58.4%; Houston, off 9.1% to 53.9%; New Orleans, down 12% to 60.6%, and Tulsa, down 12.6% to 52.9%.

Food and beverage sales were up 2.4% in 1983 to $30.42 per occupied room but the number of covers served dropped slightly by 0.8%. Average receipt per cover in hotels nationwide was $8.68.

Laventhol & Horwath said it expects occupancies to increase 3.5% this year and total sales to rise between 8% and 10%.

HOTEL OCCUPANCY IN SELECTED AREAS FOR 1983

City or Area	Occupancy Rate	Per Cent Change From 1982
Boston	67.4%	0.0%
New York City	73.7	6.0
Philadelphia	61.0	1.2
Pittsburgh	61.5	– 1.4
Washington Area	69.4	10.3
Daytona Beach	67.3	1.4
Orlando Area	81.3	14.0
Oscecla County (Fla.)	84.7	15.1
South Florida	65.0	– 1.5
Downtown Miami	51.6	4.0
Fort Lauderdale	56.8	1.1
Tampa Bay	62.2	– 0.6
Des Moines	54.5	7.9
Indianapolis	60.6	2.4
Detroit	68.2	6.9
Cleveland	53.0	5.4
Cincinnati	59.1	0.2
St. Louis	60.9	6.3
Minneapolis/St. Paul	61.7	5.8
Dallas	59.6	– 6.9
Houston	53.9	– 9.1
New Orleans	60.6	–12.0
San Antonio	69.0	– 0.6
Tulsa	52.9	–12.6
San Francisco (Airport Hotels)	73.4	– 0.5
San Diego	75.7	4.6
Portland	59.1	1.2
Seattle	62.5	4.7
Total U.S.	65.2	0.6

Source: Laventhol & Horwath

Subway opens its first Persian Gulf unit

MILFORD, Conn.—Subway, with over 320 mostly franchised sandwich and salad shops in the continental United States, has opened its first unit abroad, in the small Middle Eastern state of Bahrain on the Persian Gulf.

Preparation for the chain's first international store—owned by franchisee Roman Marini—required nearly a month to complete as equipment had to be shipped under a special visa from the company's Connecticut headquarters.

The Bahrain store, according to company sources, will be used as a showplace for the development of future Subway stores in the Middle East. The chain is also exploring markets in western Europe for possible expansion.

Jay Lyons (left) of Marshall Freight Forwarding and Fred DeLuca, Subway's general manager, check cargo before shipping overseas to Bahrain, on the Persian Gulf.

'Largest' cheese factory set for Calif.

CORONA, Calif.—A California-based group of European and American investors will build what they say is the world's largest cheese factory here at a total cost of more than $84 million.

Production on the 100,000-sq.-ft. plant is set to begin Oct. 1, 1985.

Cost of freight is cited as a major reason behind the project. While California ranks second behind Wisconsin in national milk production, it ranks fifth in cheese production.

Most of the cheese made in the new plant will go to supermarkets, industrial users, pharmaceutical manufacturers and food processing operations throughout California.

In addition, a $20 million cogeneration facility is planned to supply power.

Restaurant manager is found shot to death following ransom payment

QUEENS, N.Y.—A 27-year-old restaurant manager was murdered recently following the payment of a $30,000 ransom by his family, which owns the restaurant in which he worked.

The body of Ernesto Castro, who managed the Fontana di Roma at 111-08 Queens Blvd. in the Forest Hills section, was found alongside the Harlem River Drive in upper Manhattan.

A Sound and sight Investment . . .

Featuring these plusses

• **Dynamic Audio Systems**

Custom designs that work at a clarity unsurpassed in the industry.

• **Custom Lighting Systems**

Designed to increase your sales & profit.
ENERGY CONTROL SYSTEM NOW AVAILABLE.

• **Spectacular Video Systems**

Featuring large screen projection systems which incorporate capabilities of switching multiple sources or mixing with special effect generators, to produce a most exciting environment.
COMPLETE SOFTWARE LIBRARIES AVAILABLE.

From the Restaurant and Hotel Industry Worldwide Leader For Over Ten Years

213/322-9075

Wavelength,™ INC.
AUDIO • VIDEO • LIGHTING
316 WASHINGTON STREET • EL SEGUNDO, CA 90245

See Us At The NRA Show . . . Booth #1162